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FM AMEMBASSY ROME
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12. (U) BEGIN TEXT.

POLITICAL SITUATION

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15. (U) NATO-RUSSIA: ITALY IS A STRONG SUPPORTER OF IMPROVED NATO-RUSSIA TIES. PM BERLUSCONI WAS THE MAIN DRIVER BEHIND THE MAY 27-28 NATO-RUSSIA ROME SUMMIT WHICH ESTABLISHED THE NATO-RUSSIA COUNCIL. HE IS AN ACTIVE BOOSTER OF RUSSIA'S RAPPROCHEMENT WITH THE WEST. ITALY PLAYS AN ACTIVE ROLE -- IN PARTNERSHIP WITH THE US AND OTHER KEY ALLIES -- IN SUPPORTING FINANCIALLY THE DESTRUCTION OF RUSSIAN CW, AND IS WEIGHING PROVISION OF SIMILAR SUPPORT FOR THE DECOMMISSIONING OF RUSSIAN NUCLEAR SUBMARINES.

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17. (U) ITALY'S PARTICIPATION IN PFP: ITALY IS A STRONG SUPPORTER OF THE PFP PROGRAM, WITH PARTICULAR EMPHASIS ON IMPROVING THE CAPABILITIES AND QUALITY OF PFP COUNTRIES IN SE EUROPE. ITALY HAS CLOSE AND EXTENSIVE TIES WITH ALBANIA, CROATIA, ROMANIA, BULGARIA, FYROM, SLOVENIA AND SLOVAKIA AND REGULARLY CONDUCTS BILATERAL MILITARY TALKS. DURING THE CURRENT ROUND OF NATO ENLARGEMENT, ITALY SOUGHT TO HAVE ROMANIA AND BULGARIA INCLUDED AND WORKED WITH ALL OF THE SE

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SUBJECT: ITALY: 2003 REPORT TO CONGRESS ON ALLIED CONTRIBUTIONS TO THE COMMON DEFENSE

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EUROPEAN CANDIDATE COUNTRIES ON ECONOMIC, POLITICAL AND
MILITARY REFORMS TO RAISE THEIR CAPABILITIES IN ORDER TO
QUALIFY FOR MEMBERSHIP.

18. (U) THE GOI HAS SPONSORED MILITARY EXCHANGES ON ISSUES
SUCH AS INTELLIGENCE SHARING, COMMUNICATIONS AND LOGISTICS
PLANNING, PORT VISITS AND EXERCISES, TRAINING SEMINARS, AND
CONSULTATIONS WITH PFP COUNTRIES AND HAS PROMOTED COOPERATION
ON DEFENSE ACQUISITION. ITALY HAS ALSO INVESTIGATED TRAINING
OPPORTUNITIES BETWEEN THE ITALIAN CARABINIERI AND MILITARY
POLICE UNITS IN LATVIA, ESTONIA, ROMANIA AND BULGARIA, AND
BETWEEN ITALIAN ALPINI TROOPS AND MOUNTAIN UNITS FROM
MACEDONIA, SLOVENIA, AND ROMANIA. ITALIAN DIVERS AND
PARACHUTISTS HAVE TRAINED WITH BULGARIAN AND ROMANIAN UNITS
AS WELL.

19. (U) NATO MED DIALOGUE: ITALY IS ALSO DEDICATED TO
BREATHING LIFE INTO NATO'S MEDITERRANEAN DIALOGUE. PM
BERLUSCONI HAS INDICATED THAT STRENGTHENING THE DIALOGUE WILL
BE A GOI PRIORITY DURING ITALY'S EU PRESIDENCY IN 2003.

110. (U) NATO ENLARGEMENT: ALL THROUGHOUT 2002, ITALY HAS BEEN
IN FAVOR OF A ROBUST NATO ENLARGEMENT, PARTICULARLY AFTER
RUSSIAN CONCERNS ABOUT ENLARGEMENT WERE ADDRESSED. THE
ITALIANS FAVORED A "BALANCED ENLARGEMENT" OF NATO, ONE THAT
WOULD INCLUDE ROMANIA AND BULGARIA. ON DECEMBER 11, IN THE
PLENARY SESSION OF THE SOUTHEAST EUROPEAN DEFENSE MINISTERS,
MINISTER MARTINO EMPHASIZED THE IMPORTANCE OF ALBANIA,
CROATIA, AND MACEDONIA SEIZING THE OPPORTUNITY OF FUTURE NATO
MEMBERSHIP TO ACCELERATE THEIR DEFENSE REFORMS AND REGIONAL
COOPERATION AND PLEDGED DIRECT ITALIAN ASSISTANCE FOR THEIR
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EFFORTS.

11. (U) OEF: ITALY WAS ONE OF THE FIRST ALLIES TO OFFER
MILITARY ASSETS FOR OPERATION ENDURING FREEDOM. THE GOI
OFFERED A SUBSTANTIAL PACKAGE CONSISTING OF HER SOLE AIRCRAFT
CARRIER, 8 HARRIER AIRCRAFT, EIGHT HELICOPTERS, TWO FRIGATES,
A SUPPLY SHIP, 8 TORNADO AIRCRAFT, AN NBC UNIT, SIX EOD
TEAMS, ONE ENGINEER UNIT, AND AN ARMoured REGIMENT WITH
EQUIPMENT. NOT ALL ASSETS WERE CALLED UPON, HOWEVER THE
AIRCRAFT CARRIER AND FRIGATES WERE AMONG THOSE THAT OPERATED
IN THEATER FOR SEVERAL MONTHS. ITALY'S PARLIAMENT VOTED
OVERWHELMINGLY IN NOVEMBER 2001 TO APPROVE ITALIAN
CONTRIBUTIONS TO OEF, AND AGAIN IN OCTOBER 2002 WHEN
ADDITIONAL ASSETS WERE MADE AVAILABLE. THE GOI HAS ALSO
OFFERED TO BACKFILL US TROOPS SERVING WITH NATO MISSIONS IN
THE BALKANS AS ANOTHER MEANS OF SUPPORTING OEF.

12. (U) THE GOI RECENTLY AGREED TO OUR REQUEST TO DEPLOY A
LIGHT INFANTRY BATTALION (APPROXIMATELY 1000 SOLDIERS) TO
SERVE AS A MANEUVER FORCE IN AFGHANISTAN BEGINNING IN MARCH,
12003. AT THAT POINT, ITALY WILL BE SECOND ONLY TO THE US IN
GROUND FORCES AND TOTAL FORCES COMMITTED TO OEF. IN
ADDITION, TWO ITALIAN C-130J AIRCRAFT BEGAN OPERATING OUT OF
MANAS AIR BASE IN OCTOBER.

ECONOMIC SITUATION

13. (U) ITALY HAS THE WORLD'S SIXTH LARGEST ECONOMY WITH A
GDP OF ABOUT USD 1.3 TRILLION IN 2002. ITS GDP GROWTH, AN
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ESTIMATED 0.3 PERCENT IN 2002 AND 1.5 PERCENT IN 2003, WAS
SLIGHTLY BELOW THE AVERAGE OF THE 12 MEMBER STATES OF THE
EUROPEAN ECONOMIC AND MONETARY UNIONS (EMU).

14. (U) THE GOI PRESENTED ITS 2003 BUDGET TO PARLIAMENT ON
OCTOBER 2. REVISIONS ARE EXPECTED BEFORE PARLIAMENT APPROVES
THE BUDGET IN LATE DECEMBER. THE 2003 BUDGET TOTALS USD
639.7 BILLION (OR 49.0 PERCENT OF GDP), WITH A DEFICIT OF USD
19.6 BILLION (OR 1.5 PERCENT OF GDP.) A PACKAGE OF USD 20
BILLION (OR 1.5 PERCENT OF GDP) IN SPENDING CUTS IS PARTLY
OFFSET BY A STIMULUS PACKAGE OF USD 7.5 BILLION (OR 0.4
PERCENT OF GDP) IN TAX CUTS AND INVESTMENTS IN
INFRASTRUCTURE. DEFENSE MINISTRY SPENDING CUTS WILL NOT
REQUIRE CUTS IN SPENDING ON PURCHASES OF U.S. EQUIPMENT,
ACCORDING TO DEPUTY FINANCE MINISTER BALDASSARRI AND FINANCE
UNDER SECRETARY TANZI.

15. (SBU) THE GOI HAD HOPED TO HAVE SERIOUS ECONOMIC REFORMS
IN PLACE BY NOW. FINANCE MINISTER TREMONTI'S PROGRAM CALLED
FOR IMPLEMENTATION OF MAJOR TAX REFORM IN 2002 AND PENSION
REFORM SOON AFTERWARD. THE CONTINUED GLOBAL DOWNTURN,

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COMBINED WITH CONCERN THAT POSSIBLE ACTION IN IRAQ COULD DRAG
THE WORLD ECONOMY DOWN EVEN FURTHER, HAS COMPLICATED MATTERS.
TAX REVENUES ARE DOWN SUBSTANTIALLY, WHILE THE GOI HAS FOUND
IT VIRTUALLY IMPOSSIBLE TO CUT SPENDING.

¶16. (SBU) THE 2003 BUDGET IS THEREFORE A DIFFICULT
COMPROMISE. FINANCE MINISTER TREMONTI IS SEEKING TO COMBINE
FISCAL STIMULUS (TO AVOID A FURTHER SERIOUS DOWNTURN) WITH
SMALL CUTS IN CENTRAL GOVERNMENT SPENDING AND POLITICALLY
DIFFICULT CAPS ON REGIONAL AND MUNICIPAL SPENDING. THE FACT
THAT THIS BUDGET PLEASES ALMOST NO ONE MAY BE THE BEST
ARGUMENT THAT THE PAIN IS FAIRLY DISTRIBUTED.

DEFENSE POLICY/DEFENSE SPENDING

¶17. (U) FIGURES REGARDING THE PROPOSED ITALIAN DEFENSE BUDGET
HAVE BEEN PUBLISHED IN THE OFFICIAL DOCUMENTS TRANSMITTED BY
GOI TO THE PARLIAMENT ON OCTOBER 2. THE TOTAL MOD FUNDING
REQUEST FOR FY 2003 IS USD 19.61 BILLION, UP 3.1 PERCENT (OR
USD 590 MILLION) FROM THE MOD REQUEST FOR FY 2002. IN OTHER
TERMS, 2003 MOD APPROPRIATIONS AMOUNT TO 1.5% OF THE GDP,
COMPARED TO 1.52% OF 2002. THE DRAFT 2003 MOD BUDGET
PROVIDES A 3.1 PERCENT INCREASE, BUT ASSUMING A 1.9 PERCENT
INFLATION RATE IN 2003, THIS FIGURE REPRESENTS A MODEST
INCREASE IN REAL TERMS OVER 2002.

TABLE 1
SUMMARY OF MOD BUDGET: 2002-2003
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(IN BILLIONS OF USD)

%CHG	CHG VALUE	FY 2002	FY 2003
¶1. NATIONAL DEFENSE		13.666	14.027
2.6 362			
(AS % OF GDP)		(1.09%)	(1.07%)
¶2. DOMESTIC SECURITY			
(CARABINIERI)		4.264	4.565 7.1
301			
(AS % OF GDP)		(0.34%)	(0.35%)
¶3. OTHER		1.097	1.023 -6.7
-74			
(AS % OF GDP)		(0.1%)	(0.35%)
¶4. TOTAL MOD			
APPROPRIATIONS		19.025	19.615
3.1 590			
(AS % OF GDP)		(1.52%)	(1.50%)
(AS % OF GOV BUDGET)	(3.02%)		(3.07%)

ADDENDUM:
GDP (1) 1,253 1,305 4.1
52
GOV BUDGET 630.062 639.706
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EXCHANGE RATE 1.00 1.00
SOURCE: GOVERNMENT'S 2003 BUDGET PROPOSAL (SEPTEMBER 2002).

¶18. (U) DEFENSE FUNCTION INCLUDES THE BUDGETS OF THE ARMY,
NAVY AND AIR FORCE AND EXCLUDES DOMESTIC SECURITY
(CARABINIERI) AND OTHER NON-ESSENTIAL MOD FUNCTIONS. THE
DEFENSE FUNCTION BUDGET FOR 2003 IS USD 14.03 BILLION, UP
2.6% OR USD 362 MILLION FROM 2002 AND IS MOSTLY DESIGNED TO
ASSURE THE CONTINUATION OF THE STRUCTURAL REFORM OF ARMED
FORCES (PERSONNEL AND OPERATIVE SPENDING) AND DEFENSE
MODERNIZATION PROJECTS (INVESTMENTS.) THE OPTIMAL
DISTRIBUTION OF DEFENSE FUNCTION SPENDING IS 70 PERCENT FOR
THE FUNCTIONING OF DEFENSE AND 30 PERCENT FOR DEFENSE
MODERNIZATION. THE 2003 BUDGET DEVOTES 76.1 PERCENT OF
OVERALL DEFENSE FUNCTION SPENDING FOR DEFENSE OPERATIONS
(74.4 PERCENT IN 2002 BUDGET) AND ONLY 23.9 PERCENT FOR
INVESTMENTS (25.6 PERCENT IN THE 2002 BUDGET.)

¶19. (U) AIR FORCE INVESTMENTS (USD 1,256 MILLION) ACCOUNT FOR
ALMOST FORTY PERCENT OF OVERALL ALLOTMENTS. THESE FUNDS ARE

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	SS-00	TEST-00	FMB-00	PRM-00	DRL-01	SAS-00	/004W

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221. (U) ARMY INVESTMENTS (USD 832 MILLION) REPRESENT ANOTHER 25 PERCENT OF OVERALL ALLOTMENTS. THESE FUNDS ARE DEVOTED TO: -- THE PROGRAM VCC DARTO COMBAT (THE OVERALL COMMITMENT UP TO 2004 IS USD 550 MILLION, WHILE THE COMMITMENT FOR 2003 IS USD 123.9 MILLION.) -- THE INDUSTRIALIZATION AND PRODUCTION OF 16 HELICOPTERS NH-90 (THE OVERALL COMMITMENT UP TO 2018 IS USD 3.35 BILLION, UNCLASSIFIED

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IL-76 IN SUPPORT OF ISAF. ITALY PROVIDED ITS ONLY CARRIER
BATTLE GROUP TO SUPPORT COMBAT OPERATIONS IN THE NORTH
ARABIAN SEA. IT DEPLOYED MORE THAN 13 PERCENT OF ITS ENTIRE
NAVAL FORCE FOR USE IN OEF. THE "DE LA PENNE" GROUP (ONE
DESTROYER AND ONE FRIGATE) RELIEVED THE CARRIER BATTLE GROUP
ON MARCH 15, 2002. THE ITALIAN FRIGATE "EURO" TRANSITED THE
SUZC CANAL ON MAY 8, 2002 TO RELIEVE BOTH COMBATANTS ON
STATION. CURRENTLY THE "EURO" IS STATIONED IN THE GULF OF
OMAN WITH THE CANADIAN TCG 50.04. IT TOOK PART IN THE CAPTURE
OF TWO ALLEGED AL QAEDA ELEMENTS ON JULY 13, 2002 (THE FIRST
EPISODE OF EFFECTIVE LIO IN OEF.) ITALY MOVED MORE THAN
17,000 LBS. (27 CUBIC METERS) OF SUPPLIES AND EQUIPMENT FROM
BRINDISI TO ISLAMABAD, PAKISTAN ON MARCH 19, 2002.
SUPPLIES/EQUIPMENT INCLUDED A FORKLIFT AND EQUIPMENT FROM THE
WORLD FOOD PROGRAM (WFP). ON APRIL 18, 2002, ITALIAN AIR
FORCE AIRCRAFT AND A SECURITY FORCE FROM THE CARABINIERI
TRANSPORTED FORMER AFGHANISTAN KING MOHAMMED ZAHIR SHAH AND
AIA LEADER HAMID KARZAI FROM ROME TO KABUL WITHOUT INCIDENT.

24. (U) ITALY'S COMMITMENTS TO OEF AND ISAF HAVE COST IT USD 170 MILLION AND USD 80 MILLION, RESPECTIVELY. ADDITIONALLY, ITALY HAS BEEN ACTIVE IN THE FINANCIAL WAR ON TERRORISM, FREEZING ACCOUNTS OF INDIVIDUALS AND ENTITIES CONNECTED TO

25.(U) ITALY VOLUNTEERED TO SERVE AS THE LEAD NATION IN COORDINATING INTERNATIONAL EFFORTS TO ASSIST IN THE REFORM OF AFGHANISTAN'S JUDICIAL SECTOR, ONE OF FIVE AREAS OF REFORM CONTRIBUTING TO AFGHANISTAN'S LONG-TERM SECURITY. IN THIS CAPACITY, THE GOI HAS SPONSORED A NUMBER OF MEETINGS AND HOSTED A MAJOR INTERNATIONAL DONOR CONFERENCE DECEMBER 19-20, AS WELL AS A SEMINAR FOR AFGHAN JURISTS DECEMBER 16-17. GOI STAFF AT ITS KABUL EMBASSY INCREASED TO ENABLE IT TO FULFILL THIS ROLE, AS DID THE ALLOCATION OF PERSONNEL TO THE MFA'S AFGHANISTAN DESK. ITALIAN ASSISTANCE TO AFGHANISTAN REACHED 47.5 MILLION EURO AS OF LATE NOVEMBER.

226. (U) ITALY CONTINUES TO EXECUTE ITS PLAN TO ESTABLISH A PROFESSIONAL, ALL-VOLUNTEER FORCE. THE GOI'S CURRENT TARGETED IS A FULLY PROFESSIONAL FORCE OF 190,000 (APPROXIMATELY TEN PERCENT OF WHICH WILL BE WOMEN) BY THE END OF 2005. DEFENSE MINISTER MARTINO HOPES TO HAVE THE PROFESSIONAL FORCE IN PLACE BY 2004 AS A COST-SAVING MEASURE. LEGISLATION TO THAT EFFECT WAS INTRODUCED IN THE ITALIAN PARLIAMENT IN MID-2002.

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TO A SMALLER, MORE DEPLOYABLE, AND COMPLETELY PROFESSIONAL
FORCE. APPROXIMATELY 60,000 CONSCRIPTS REMAIN IN SERVICE AS
THE ARMY DOWNSIZES TO 112,000 VOLUNTEERS BY THE END OF 2005.
WHILE 13 BRIGADES ARE STILL LISTED AS COMPRISING THE BULK OF
FORCES, ONLY TEN BRIGADES WILL BE AVAILABLE IN THE FINAL
STRUCTURE FOR CRISIS REACTION OR HOMELAND DEFENSE MISSIONS.
THESE BRIGADES ARE EMPLOYED MUCH LIKE THE US ARMY'S
DIVISIONS. THEY ARE ALL ASSIGNED NATO MISSIONS AND MANY
COULD ALSO BE USED BY THE EU. A LITTLE OVER 6,500 ARMY
PERSONNEL ARE DEPLOYED OVERSEAS, MOSTLY IN THE BALKANS, AND
AFGHANISTAN. MAJOR ISSUES ARE: THE EXPANDING NUMBER OF
PEACEKEEPING AND OTHER TYPES OF MULTINATIONAL OPERATIONS, THE
COMPLETE INTEGRATION OF WOMEN INTO MOST OF THE UNITS, AND
ASSURING SUFFICIENT PERSONNEL ARE RECRUITED IN THE COMING
YEARS. IF THE CURRENT PACE OF RECRUITMENT CONTINUES, THE
ARMY MAY BE SHORT 15,000 PERSONNEL IN 2006. THIS SHORTFALL
DOES NOT APPEAR TO UPSET THE CURRENT LEADERSHIP, AS IT WILL
ALLOW FOR A MORE GRADUAL INCREASE IN PROFESSIONAL SOLDIERS.
MEANWHILE, THE ITALIAN ARMY IS MOVING FORWARD IN IMPROVING
ITS CAPABILITIES. ITS NEWLY CREATED MULTINATIONAL CORPS
LEVEL HIGH READINESS FORCE (LAND) HEADQUARTERS WAS OFFERED TO

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NATO AS AN ALLIED RAPID DEPLOYABLE CORPS AND UNDERWENT FULL
OPERATIONAL CAPABILITY TESTING WITH A MAJOR EXERCISE IN
DECEMBER 2002. THE ITALIAN ARMY ALSO CONTINUES TO ACQUIRE
MODERN WEAPONS AND COMBAT VEHICLES SUCH AS THE ARIETE TANK
AND THE DARDO ARMORED PERSONNEL CARRIER.

128. (U) NAVY: THE ITALIAN NAVY IS COMPRISED OF 34,000 MEN AND WOMEN. THE MAIN COMPONENTS OF THE ITALIAN FLEET INCLUDE ONE AIRCRAFT CARRIER (HELICOPTERS AND AV-8B SEA HARRIERS), THREE AMPHIBIOUS SHIPS, APPROXIMATELY 25 FRIGATES/DESTROYERS, EIGHT DIESEL SUBMARINES, 10 PATROL BOATS, AND 10 MINESWEEPERS. CONSTRUCTION HAS BEGUN ON A LARGE AMPHIBIOUS SHIP, 8 WHICH WILL BE CAPABLE OF ACTING AS A TROOP TRANSPORT AND ALSO HAVE THE ABILITY TO OPERATE HELICOPTERS AND AV-8B SEA HARRIERS, AND, EVENTUALLY, V/STOL JSFS. A TYPE 212 SUBMARINE CONSTRUCTION PROGRAM WILL REPLACE OLDER SUBMARINES. THE ITALIAN NAVY ALSO WANTS TO ENHANCE ITS AMPHIBIOUS CAPABILITY TO PROJECT POWER BY REPLACING ITS TWO LPDS, PURCHASING NEW HELICOPTERS AND UNLOADING ITS SAN NAVY INFANTRY GROUP. IN 2002, THE ITALIANS CONFIRMED CO-PRODUCTION WITH THE FRENCH, OF THE HORIZON FRIGATE, A PROGRAM DESIGNED TO REPLACE SEVERAL OLDER FRIGATES. THE ITALIANS HAVE A BILATERAL AMPHIBIOUS AGREEMENT WITH THE SPANISH NAVY, WHICH HAS LED TO THE CREATION OF A JOINT ITALIAN-SPANISH AMPHIBIOUS FORCE. THEY ARE ALSO PROPOSING CREATION OF A NATO NAVAL HIGH READINESS FORCE USING ITALIAN UNITS AS THE CENTERPIECE.

29. (U) AIR FORCE: THE ITALIAN AIR FORCE PROVIDES
SIGNIFICANT LOGISTICAL INFRASTRUCTURE SUPPORT TO THE US AND
NATO FORCES. HOWEVER, ITS ABILITY TO CONTRIBUTE DIRECTLY IN
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A FORCE-PROJECTION ROLE IS MODEST. THE PRIMARY MILITARY
LIMITATIONS TO OUT OF AREA OPERATIONS OF THE ITALIAN AIR
FORCE ARE: PROHIBITION OF THE USE OF CONSCRIPTS OVERSEAS,
LACK OF STRATEGIC LIFT, AND LACK OF ADEQUATE AIR REFUELING
SUPPORT FOR MORE THAN A HANDFUL OF AIRCRAFT. ADDITIONALLY,
IN THE SURFACE ATTACK ROLE, THERE ARE INSUFFICIENT
INVENTORIES OF PRECISION GUIDED WEAPONS TO SUSTAIN A BOMBING
CAMPAIGN OF MORE THAN A FEW DAYS. HOWEVER, SINCE THE END OF
THE GULF WAR, ITALY HAS MADE DRAMATIC GAINS IN IMPROVING ITS
CONVENTIONAL WAR FIGHTING ABILITY. ITALY HAS INCREASED ITS
PURCHASE OF PRECISION WEAPONS, SIGNED CONTRACTS TO PURCHASE
US-MADE AIR REFUELING AIRCRAFT, LEASED EX-US F-16 FALCONS (34
F-16A/B AIRCRAFT TO ARRIVE IN CY2003 FOR USE IN AUGMENTING
ITS FIGHTER INTERCEPTOR FORCE UNTIL THE EUROFIGHTER TYPHOON
COMES ON LINE,) PURCHASED 24 C-130J AIRCRAFT, MODIFIED SOME
TORNADO AIRCRAFT FOR SUPPRESSION OF ENEMY AIR DEFENSE ROLES
AND INCREASED TRAINING OF TORNADO FLIGHT CREWS IN THE
EMPLOYMENT OF LASER GUIDED MUNITIONS.

130. (U) THE EUROFIGHTER TYPHOON IS THE LARGEST PROCUREMENT ITEM IN ITALY'S DEFENSE BUDGET. ALTHOUGH IT ENTERS SERVICE IN 2004, IT WILL NOT REACH FULL OPERATIONAL CAPABILITY UNTIL 2007 OR 2008. UNTIL IT REACHES FULL OPERATIONAL CAPABILITY, IT WILL NOT GREATLY INCREASE ITALY'S ABILITY TO PROVIDE AIR SUPREMACY AND DEPLOYABILITY. AS A RESULT, A LARGE PART OF ITALY'S AIR COMBAT POWER WILL RELY ON OBSOLETE F-104 STARFIGHTER AIRCRAFT (TO BE REPLACED BY THE EUROFIGHTER TYPHOON) AND THE SURFACE ATTACK AIRCRAFT, THE JOINT BRAZILIAN-ITALIAN AMX. ITALY WAS THE SECOND FOREIGN CUSTOMER TO SIGN A CONTRACT TO HELP FUND, DEVELOP AND MANUFACTURE THE JOINT STRIKE FIGHTER (JSF), AND UNCLASSIFIED

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THE SIZE OF ITS PARTICIPATION MAKES IT THE SECOND LARGEST JSF
PARTNER(AFTER THE UK). ITALY PLANS ON TAKING DELIVERY OF ITS
FIRST JSF IN 2012 AND WILL USE THE AIRCRAFT TO REPLACE ITS
AMX AND TORNADO AIRCRAFT IN THE SURFACE ATTACK ROLE AND
REPLACE ITS AV-8B,S ONBOARD THE CARRIER GARIBALDI AND ITS
SUCCESSOR. WITH ITALY,S REPLACEMENT OF THE F-104 BY THE
TYPHOON AND THE REPLACEMENT OF THE AMX WITH THE JOINT STRIKE
FIGHTER, ITS EMPLOYABLE COMBAT POWER WILL SIGNIFICANTLY
INCREASE.

131 (U) CARABINIERI: THE CARABINIERI ARE, TECHNICALLY, THE FOURTH ELEMENT OF THE ITALIAN ARMED FORCES, AND REPORT TO THE MINISTER OF DEFENSE. WHILE MOST CARABINIERI RESPONSIBILITIES ARE FOR DOMESTIC SECURITY AND POLICE, CARABINIERI FORCES PLAY A LEADING ROLE IN MSU OPERATIONS IN THE BALKANS, AFGHANISTAN, AND ARE IN MANY RESPECTS THE MODEL FOR INTERNATIONAL FORCES BRIDGING THE GAP BETWEEN MILITARY PEACEKEEPING AND CIVILIAN POLICING FUNCTIONS. ADDITIONALLY, PURSUANT TO A LONG-STANDING AGREEMENT WITH THE US ARMY, ITALY PROVIDES TWO CARABINIERI COMPANIES ON A FULL-TIME BASIS TO THE US ARMY'S SOUTHERN EUROPEAN TASK FORCE TO ASSIST IN FORCE PROTECTION

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ASSISTANCE PROGRAMS. BILATERAL ASSISTANCE (PROVIDED BY THE
MINISTRIES OF FOREIGN AFFAIRS AND TREASURY) FOR 2002 (REVISED
BUDGET) WAS USD 475 MILLION, BUT THE 2003 BUDGET CALLS FOR A
2.7 PERCENT INCREASE TO USD 488 MILLION, 0.1 PERCENT OF TOTAL
GOVERNMENT SPENDING, THE SAME PERCENTAGE OF 2000 AND 2001.

443. (U) ITALY PREFERS, WHEN POSSIBLE, TO WORK THROUGH MULTILATERAL INSTITUTIONS TO MANAGE ASSISTANCE PROGRAMS, RATHER THAN SELF-MANAGE AS USAID DOES. ITALIAN BILATERAL ASSISTANCE IS ALWAYS IN THE FORM OF PROJECTS, RATHER THAN BALANCE OF PAYMENTS FINANCING OR CASH. ITALY RARELY FUNDS AN INFRASTRUCTURE PROJECT, AND IS MOSTLY INTERESTED IN ENVIRONMENT, AGRICULTURE, AND EDUCATION. RECIPIENT COUNTRIES PROPOSE PROJECTS, WHICH ARE THEN CONSIDERED BY THE FOREIGN MINISTRY FOR FUNDING. ON THE GROUND, ITALIAN AID WORKERS COLLABORATE (WHICH DOES NOT IMPLY THEY ALWAYS AGREE) WITH THEIR COUNTERPARTS FROM OTHER COUNTRIES TO ENSURE THAT OVERALL AID PROJECTS WORK WELL. IN ROUGHLY TWENTY RECIPIENT COUNTRIES OF BILATERAL ASSISTANCE, ITALY USES 'TECHNICAL LOCAL UNITS' WHICH CONSIST OF ONE OR TWO ITALIANS AND OTHER LOCAL STAFF. THESE UNITS ARE HEADQUARTERED WITHIN ITALIAN EMBASSIES ABROAD. IN OTHER COUNTRIES, PROGRAMS ARE OVERSEEN DIRECTLY BY THE EMBASSY, WITHOUT THE HELP OF A TECHNICAL LOCAL UNIT.

44. (U) FOLLOWING THE MONTERREY CONFERENCE IN JULY IN THE 2003-2006 BUDGET PLANNING DOCUMENT THE GOI TOOK THE COMMITMENT TO INCREASE THROUGH 2003 THE AID/GDP RATIO TO 0.33 PERCENT. THIS COMMITMENT, LIKE THAT ON DEFENSE, CONFLICTS WITH THE CONSTRAINTS RELATED TO THE CRITICAL BUDGET SITUATION.

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TABLE 3
ITALY'S SPENDING FOR BILATERAL ASSISTANCE: 2002-2003
BY GOVERNMENT SOURCE
(IN MILLIONS OF USD UNLESS OTHERWISE INDICATED)

CHG	CHG VALUE	FY 2002	FY 2003	%
1. MINISTRY OF 7.4 FOREIGN AFFAIRS	33	455	488	
COOPERATION FOR 33 DEVELOPMENT OF WHICH: -- AID TO LESS 7.4 DEVELOPED COUNTRIES (LDC) -- HUMANITARIAN --	454 34 1	487 452 1	7.4 486 -	
ASSISTANCE 2. MINISTRY OF -100.0 TREASURY	-20	20	0	
3. TOTAL 2.7 (% OF GOV BUDGET)	13 (0.1%)	475	488 (0.1%)	

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14. ADDENDUM:			
GOV BUDGET	630,062		639,706
EXCHANGE RATE	1.00		1.00

SOURCE: GOI'S 2003 PROPOSED BUDGET.

ASSISTANCE TO NATO ASPIRANT COUNTRIES

145. (U) THE MFA ECONOMIC ASSISTANCE DEPARTMENT CONFIRMED THAT ITALIAN ECONOMIC ASSISTANCE TO NATO ASPIRANT COUNTRIES IS LIMITED TO MACEDONIA AND ALBANIA.

MACEDONTIA

146. (U) AFTER THE FIRST HUMANITARIAN AND EMERGENCY INTERVENTION OF 1991 CAUSED BY THE FLOW OF REFUGEES FROM

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	LAB-01	VCE-00	AC-01	NSAE-00	ACE-00	IRM-00	SSO-00
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11. (U) THE FOLLOWING IS THE UNCLASSIFIED VERSION OF EMBASSY
ROME'S BURENDSHARING REPORT (REF B.) PLEASE NOTE THE CHANGE
IN THE ESTIMATE ON FOREGONE RENT IN PARAGRAPH 37. EMBASSY
ROME'S POC FOR THE BURENDSHARING REPORT IS POL OFFICER RAFIK
MANSOUR. HE CAN BE REACHED AT (39) 06.4674.2831 OR AT
MANSOURRK@STATE.GOV. PLEASE NOTE THAT THIS REPORT USES THE
DEC 4 OFFICIAL RATE OF EXCHANGE: EURO1 = \$1.0008, ROUNDED OFF
TO EURO1 = \$1.

12. (U) BEGIN TEXT.

POLITICAL SITUATION

13. (U) DOMESTIC: PM BERLUSCONI AND HIS CENTER-RIGHT COALITION REMAIN IN FIRM CONTROL OF THE PARLIAMENT. DESPITE CONTINUED CRITICISM FROM THE CENTER-LEFT OPPOSITION, THIS COALITION IS LIKELY TO ENDURE THROUGH ITS FULL TERM INTO THE SPRING OF 2006 (THE FIRST POST-WAR ITALIAN GOVERNMENT TO DO SO). ITS MAJORITY IN PARLIAMENT IS SUFFICIENT TO ENSURE THAT IT CAN WIN VOTES NOT ONLY ON CONTROVERSIAL DOMESTIC ISSUES, BUT ALSO ON FOREIGN POLICY ISSUES OF CONCERN TO THE US, SUCH AS THE DEPLOYMENT OF ITALIAN LAND FORCES TO AFGHANISTAN. THE PRIME MINISTER REMAINS PUBLICLY SUPPORTIVE OF U.S. POLICY, MOST NOTABLY IN HIS STATEMENTS CONCERNING POTENTIAL MILITARY ACTION IN IRAQ.

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14. (U) THE EU GOI PREPARATIONS FOR ITS EU PRESIDENCY, FROM JULY THROUGH DECEMBER 2003, BEGAN TO DOMINATE ITALY'S FOREIGN POLICY PRIORITIES TOWARDS EUROPE WHEN THE GOVERNMENT RETURNED TO WORK IN SEPTEMBER. ITALY IS PLAYING AN ACTIVE ROLE IN THE EUROPEAN UNION'S ONGOING CONVENTION. WHETHER THE PRODUCT OF THIS PROCESS IS A "CONSTITUTION" AS SOME IN THE EU HAVE CALLED FOR, OR A LESS AMBITIOUS TREATY BASED DOCUMENT, THE GOI AGREES WITH ALMOST ALL ITS EU PARTNERS THAT IT MUST ADDRESS STRUCTURAL CHANGES TO THE EU'S INSTITUTIONS THAT WILL MAKE IT MORE DEMOCRATIC AND EFFICIENT, ESPECIALLY IN LIGHT OF ENLARGEMENT. THE ITALIANS ARE HOPING TO HAVE THE CONCLUDING SESSION OF AN INTER-GOVERNMENTAL CONFERENCE, PRESIDED OVER BY HEADS-OF-STATE, ADOPT THE FINAL DOCUMENT BY THE END OF ITS PRESIDENCY. (ITALY IS A STRONG PROMOTER OF ESPD. NOW THAT BERLIN PLUS (NATO/ESPD COORDINATION) ARRANGEMENTS HAVE BEEN AGREED BETWEEN NATO AND THE EU, ITALY CAN BE EXPECTED TO BE A MAJOR CONTRIBUTOR TO THE FIRST EU PEACEKEEPING MISSIONS IN MACEDONIA AND (POTENTIALLY) BOSNIA.

15. (U) NATO-RUSSIA: ITALY IS A STRONG SUPPORTER OF IMPROVED NATO-RUSSIA TIES. PM BERLUSCONI WAS THE MAIN DRIVER BEHIND THE MAY 27-28 NATO-RUSSIA ROME SUMMIT WHICH ESTABLISHED THE NATO-RUSSIA COUNCIL. HE IS AN ACTIVE BOOSTER OF RUSSIA'S RAPPROCHEMENT WITH THE WEST. ITALY PLAYS AN ACTIVE ROLE -- IN PARTNERSHIP WITH THE US AND OTHER KEY ALLIES -- IN SUPPORTING FINANCIALLY THE DESTRUCTION OF RUSSIAN CW, AND IS WEIGHING PROVISION OF SIMILAR SUPPORT FOR THE DECOMMISSIONING OF RUSSIAN NUCLEAR SUBMARINES.

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16. (U) "IN TOGETHER, OUT TOGETHER" ARE WELCOME WORDS TO OUR GOI INTERLOCUTORS AT ALL LEVELS. EUROPE, INCLUDING ITALY, IS TAKING MORE RESPONSIBILITY FOR ITS OWN BACKYARD BY TAKING OVER POLICING FUNCTIONS IN BOSNIA POST IPTF. AS NOTED ABOVE, ITALY WILL BE A KEY CONTRIBUTOR TO THE FOLLOW-ON MISSION TO NATO'S TASK FORCE FOX. THE GOI CONTINUES TO PARTICIPATE IN SFOR AND KFOR (INCLUDING ANOTHER KFOR COMMAND STARTING OCTOBER 2002.) ITALY IS ALBANIA'S "BIGGEST BOOSTER." LARGEST BILATERAL DONOR, INVESTOR, PROVIDER OF LAW ENFORCEMENT ASSISTANCE, AND GENERAL BIG BROTHER. THIS ENGAGEMENT HELPS PROVIDE A RELATIVELY STABLE ANCHOR IN A VOLATILE REGION.

17. (U) ITALY'S PARTICIPATION IN PFP: ITALY IS A STRONG SUPPORTER OF THE PFP PROGRAM, WITH PARTICULAR EMPHASIS ON IMPROVING THE CAPABILITIES AND QUALITY OF PFP COUNTRIES IN SE EUROPE. ITALY HAS CLOSE AND EXTENSIVE TIES WITH ALBANIA, CROATIA, ROMANIA, BULGARIA, FYROM, SLOVENIA AND SLOVAKIA AND REGULARLY CONDUCTS BILATERAL MILITARY TALKS. DURING THE CURRENT ROUND OF NATO ENLARGEMENT, ITALY SOUGHT TO HAVE ROMANIA AND BULGARIA INCLUDED AND WORKED WITH ALL OF THE SE

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EUROPEAN CANDIDATE COUNTRIES ON ECONOMIC, POLITICAL AND
MILITARY REFORMS TO RAISE THEIR CAPABILITIES IN ORDER TO
QUALIFY FOR MEMBERSHIP.

18. (U) THE GOI HAS SPONSORED MILITARY EXCHANGES ON ISSUES SUCH AS INTELLIGENCE SHARING, COMMUNICATIONS AND LOGISTICS PLANNING, PORT VISITS AND EXERCISES, TRAINING SEMINARS, AND CONSULTATIONS WITH PPP COUNTRIES AND HAS PROMOTED COOPERATION ON DEFENSE ACQUISITION. ITALY HAS ALSO INVESTIGATED TRAINING OPPORTUNITIES BETWEEN THE ITALIAN CARABINIERI AND MILITARY POLICE UNITS IN LATVIA, ESTONIA, ROMANIA AND BULGARIA, AND BETWEEN ITALIAN ALPINI TROOPS AND MOUNTAIN UNITS FROM MACEDONIA, SLOVENIA, AND ROMANIA. ITALIAN DIVERS AND PARACHUTISTS HAVE TRAINED WITH BULGARIAN AND ROMANIAN UNITS AS WELL.

19. (U) NATO MED DIALOGUE: ITALY IS ALSO DEDICATED TO BREATHING LIFE INTO NATO'S MEDITERRANEAN DIALOGUE. PM BERLUSCONI HAS INDICATED THAT STRENGTHENING THE DIALOGUE WILL BE A GOI PRIORITY DURING ITALY'S EU PRESIDENCY IN 2003.

110. (U) NATO ENLARGEMENT: ALL THROUGHOUT 2002, ITALY HAS BEEN IN FAVOR OF A ROBUST NATO ENLARGEMENT, PARTICULARLY AFTER RUSSIAN CONCERNS ABOUT ENLARGEMENT WERE ADDRESSED. THE ITALIANS FAVORED A "BALANCED ENLARGEMENT" OF NATO, ONE THAT WOULD INCLUDE ROMANIA AND BULGARIA. ON DECEMBER 11, IN THE PLENARY SESSION OF THE SOUTHEAST EUROPEAN DEFENSE MINISTERS, MINISTER MARTINO EMPHASIZED THE IMPORTANCE OF ALBANIA, CROATIA, AND MACEDONIA SEIZING THE OPPORTUNITY OF FUTURE NATO MEMBERSHIP TO ACCELERATE THEIR DEFENSE REFORMS AND REGIONAL COOPERATION AND PLEDGED DIRECT ITALIAN ASSISTANCE FOR THEIR

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EFFORTS.

111. (U) OEF: ITALY WAS ONE OF THE FIRST ALLIES TO OFFER MILITARY ASSETS FOR OPERATION ENDURING FREEDOM. THE GOI OFFERED A SUBSTANTIAL PACKAGE CONSISTING OF HER SOLE AIRCRAFT CARRIER, 8 HARRIER AIRCRAFT, EIGHT HELICOPTERS, TWO FRIGATES, A SUPPLY SHIP, 8 TORNADO AIRCRAFT, AN NBC UNIT, SIX EOD TEAMS, ONE ENGINEER UNIT, AND AN ARMoured REGIMENT WITH EQUIPMENT. NOT ALL ASSETS WERE CALLED UPON, HOWEVER THE AIRCRAFT CARRIER AND FRIGATES WERE AMONG THOSE THAT OPERATED IN THEATER FOR SEVERAL MONTHS. ITALY'S PARLIAMENT VOTED OVERWHELMINGLY IN NOVEMBER 2001 TO APPROVE ITALIAN CONTRIBUTIONS TO OEF, AND AGAIN IN OCTOBER 2002 WHEN ADDITIONAL ASSETS WERE MADE AVAILABLE. THE GOI HAS ALSO OFFERED TO BACKFILL US TROOPS SERVING WITH NATO MISSIONS IN THE BALKANS AS ANOTHER MEANS OF SUPPORTING OEF.

112. (U) THE GOI RECENTLY AGREED TO OUR REQUEST TO DEPLOY A LIGHT INFANTRY BATTALION (APPROXIMATELY 1000 SOLDIERS) TO SERVE AS A MANEUVER FORCE IN AFGHANISTAN BEGINNING IN MARCH, 2003. AT THAT POINT, ITALY WILL BE SECOND ONLY TO THE US IN GROUND FORCES AND TOTAL FORCES COMMITTED TO OEF. IN ADDITION, TWO ITALIAN C-130J AIRCRAFT BEGAN OPERATING OUT OF MANAS ATR BASE IN OCTOBER.

ECONOMIC SITUATION

13. (U) ITALY HAS THE WORLD'S SIXTH LARGEST ECONOMY WITH A GDP OF ABOUT USD 1.3 TRILLION IN 2002. ITS GDP GROWTH, AN UNCLASSIFIED

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ESTIMATED 0.3 PERCENT IN 2002 AND 1.5 PERCENT IN 2003, WAS
SLIGHTLY BELOW THE AVERAGE OF THE 12 MEMBER STATES OF THE
EUROPEAN ECONOMIC AND MONETARY UNIONS (EMU).

114. (U) THE GOVERNMENT PRESENTED ITS 2003 BUDGET TO PARLIAMENT ON OCTOBER 2. REVISIONS ARE EXPECTED BEFORE PARLIAMENT APPROVES THE BUDGET. IN LATE DECEMBER, THE 2003 BUDGET TOTALLED USD 639.9 BILLION (OR 1.0 PERCENT OF GDP), WITH A DEFICIT OF USD 19.6 BILLION (OR 1.5 PERCENT OF GDP.). PACKAGE OF USD 20 BILLION (OR 1.5 PERCENT OF GDP) IN SPENDING CUTS IS PARTLY OFFSET BY A STIMULUS PACKAGE OF USD 7.5 BILLION (OR 0.4 PERCENT OF GDP) IN TAX CUTS AND INVESTMENTS IN INFRASTRUCTURE. DEFENSE MINISTRY SPENDING CUTS WILL NOT REQUIRE CUTS IN SPENDING ON PURCHASES OF U.S. EQUIPMENT, ACCORDING TO DEPUTY FINANCE MINISTER BALDASSARRI AND FINANCE UNDER SECRETARY TANZI.

¶15. (SBU) THE GOI HAD HOPED TO HAVE SERIOUS ECONOMIC REFORMS IN PLACE BY NOW. FINANCE MINISTER TREMONTI'S PROGRAM CALLED

19. (U) AIR FORCE INVESTMENTS (USD 1,256 MILLION) ACCOUNT FOR

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RELATED TO THE DEVELOPMENT OF THE EUROFIGHTER (THE OVERALL
COMMITMENT UP TO 2015 IS USD 18.1 BILLION, WHILE THE
COMMITMENT FOR 2003 IS USD 564 MILLION,) THE CONTINUATION OF
THE LEASING CONTRACT OF THE TORNADO (THE OVERALL COMMITMENT UP
TO 2015 IS USD 1.2 BILLION, WHILE THE COMMITMENT FOR 2003 IS
USD 181.2 MILLION) AND FOR THE PURCHASE OF TRANSPORT
AIRCRAFT.

-- THE PURCHASE OF TWO ESCORT FRIGATES OF THE CLASS ORIZZONTE (THE OVERALL COMMITMENT UP TO 2009 IS USD 1.5 BILLION, WHILE THE COMMITMENT FOR 2003 IS USD 155 MILLION.)
-- THE CONSTRUCTION OF THE NEW AIRCRAFT CARRIER ANDREA DORIA (THE OVERALL COMMITMENT UP TO 2008 IS USD 1.4 BILLION, WHILE THE COMMITMENT FOR 2003 IS USD 92 MILLION.)
-- THE INTERNATIONAL COOPERATION FOR MISSILE SYSTEMS PAAMS-SAAM (THE OVERALL COMMITMENT UP TO 2014 IS USD 795 MILLION, WHILE THE COMMITMENT FOR 2003 IS USD 89 MILLION.)
-- THE ACQUISITION OF TWO NEW GENERATION SUBMARINES U212A (THE OVERALL COMMITMENT UP TO 2007 IS USD 904 MILLION, WHILE THE COMMITMENT FOR 2003 IS USD 129 MILLION.)

121. (U) ARMY INVESTMENTS (USD 832 MILLION) REPRESENT ANOTHER 25 PERCENT OF OVERALL ALLOTMENTS. THESE FUNDS ARE DEVOTED TO: -- THE PROGRAM VCC DARDO COMBAT (THE OVERALL COMMITMENT UP TO 2004 IS USD 550 MILLION, WHILE THE COMMITMENT FOR 2003 IS USD 123.9 MILLION.) -- THE INDUSTRIALIZATION AND PRODUCTION OF 16 HELICOPTERS NH-90 (THE OVERALL COMMITMENT UP TO 2018 IS USD 3.35 BILLION, UNCLASSIFIED

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WHILE THE COMMITMENT FOR 2003 IS USD 120.8 MILLION.)
-- THE REMAINING USD 408 MILLION (12 PERCENT OF TOTAL) WILL
FINANCE INTERFORCE PROJECTS LIKE THE DEVELOPMENT OF THE JOINT
STRIKE FIGHTER (THE OVERALL COMMITMENT UP TO 2012 IS USD 1.19
BILLION, WHILE THE COMMITMENT FOR 2003 IS USD 107.3 MILLION.)

TABLE 2
SUMMARY OF NATIONAL DEFENSE BUDGET: 2002-2003
(IN BILLIONS OF USD)

CHG	CHG VALUE	FY 2002	FY 2003	%
1. PERSONNEL 445 (AS % OF GDP)		6.578 (0.52%)	7.023 (0.54%)	6.8
2. OPERATIONS 58 (AS % OF GDP)		3.589 (0.29%)	3.647 (0.28%)	1.6
3. INVESTMENTS -142 (AS % OF GDP)		3.499 (0.28%)	3.357 (0.26%)	-4.1
4. TOTAL NATIONAL DEFENSE APPROPRIATIONS 2.6	341	13.666	14.027	

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(AS % OF GDP)		(1.09%)		(1.07%)
(AS % OF GOV				
BUDGET)		(2.17%)		(2.19%)

ADDENDUM:			
GDP	1,253	1,305	4.1
52			
GOV BUDGET	630.062	639.706	
EXCHANGE RATE	1.00	1.00	

SOURCE: GOVERNMENT'S 2002 BUDGET PROPOSAL (SEPTEMBER 2002).
THE 2002 DATA IS THE REVISED 2002 BUDGET.

AFGHANISTAN: OEF AND ISAF

122. (U) ON JAN 15, 2002 ITALY DEPLOYED A TASK FORCE COMPRISED OF 450 SOLDIERS TO THE INTERNATIONAL SECURITY ASSISTANCE

TO A SMALLER, MORE DEPLOYABLE, AND COMPLETELY PROFESSIONAL FORCE. APPROXIMATELY 60,000 CONSCRIPTS REMAIN IN SERVICE AS THE ARMY DOWNSIZES TO 112,000 VOLUNTEERS BY THE END OF 2005. WHILE 13 BRIGADES ARE STILL LISTED AS COMPRISING THE BULK OF FORCES, ONLY TEN BRIGADES WILL BE AVAILABLE IN THE FINAL STRUCTURE FOR CRISIS REACTION OR HOMELAND DEFENSE MISSIONS. THESE BRIGADES ARE EMPLOYED MUCH LIKE THE US ARMY'S DIVISIONS. THEY ARE ALL ASSIGNED NATO MISSIONS AND MANY COULD ALSO BE USED BY THE EU. A LITTLE OVER 6,500 ARMY PERSONNEL ARE DEPLOYED OVERSEAS, MOSTLY IN THE BALKANS, AND AFGHANISTAN. MAJOR ISSUES ARE: THE EXPANDING NUMBER OF PEACEKEEPING AND OTHER TYPES OF MULTINATIONAL OPERATIONS, THE COMPLETE INTEGRATION OF WOMEN INTO MOST OF THE UNITS, AND ASSURING SUFFICIENT PERSONNEL ARE RECRUITED IN THE COMING

THE SIZE OF ITS PARTICIPATION MAKES IT THE SECOND LARGEST J5F PARTNER(AFTER THE UK). ITALY PLANS ON TAKING DELIVERY OF ITS FIRST J5F IN 2012 AND WILL USE THE AIRCRAFT TO REPLACE ITS AMX AND TORNADO AIRCRAFT IN THE SURFACE ATTACK ROLE AND REPLACE ITS AV-8B'S ONBOARD THE CARRIER GARIBOLDI AND ITS SUCCESSOR. ITALY HAS 5 REPLACEMENTS OF THE 10TH J5F SQUADRON AND THE REPLACEMENT OF THE AMX WITH THE JOINT STRIKE FIGHTER, ITS EMPLOYABLE COMBAT POWER WILL SIGNIFICANTLY INCREASE.

SEVERAL MISSILE UPGRADE PROGRAMS.

-- DIRECT PROCUREMENT OF US MANUFACTURED MAJOR DEFENSE EQUIPMENT PROMOTES AMERICAN PRODUCTS AND INTEROPERABILITY WHILE LENGTHENING AVAILABILITY OF PRODUCTION LINES AND PRESERVING A US INDUSTRIAL BASE AS DEMONSTRATED THROUGH THE PURCHASE OF 200 LOCKHEED-MARTIN JSF AIRCRAFT, FIVE GENERAL

ATOMICS PREDATOR UNMANNED ARIEL VEHICLES, AND LARGE-SCALE PURCHASES OF FIVE TYPES OF RAYTHEON MISSILES.
-- ITALY AGGRESSIVELY PROCURES US-BASED TRAINING VALUED AT OVER 60 MILLION DOLLARS PER YEAR IN ORDER TO TRAIN ITS MILITARY PERSONNEL. THIS IMMENSE EXPENDITURE SUBSIDIZES OPERATING COSTS AND HELPS SUSTAIN US MILITARY ACADEMIC INSTITUTIONS.

ROLES AND MISSIONS:

134. (U) -- INVALUABLE PRODUCT SHARING OF ITALIAN MILITARY INTELLIGENCE WITH US COUNTERPARTS CONSTITUTES A NOTEWORTHY PORTION OF THE INTELLIGENCE COLLECTION AND ANALYSIS WORKLOAD ESSENTIAL TO MAINTAINING FULL COVERAGE OF THE MEDITERRANEAN REGION.

UNCLASSIFIED

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2003ROME00353 - Classification: UNCLASSIFIED